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Securities code: 8524

June 4, 2019

To our shareholders:

Mitsuharu Yasuda  
Director and President  
**North Pacific Bank, Ltd.**  
7, Odori Nishi 3-chome, Chuo-ku, Sapporo, Hokkaido

## **NOTICE OF THE 163RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 163rd Ordinary General Meeting of Shareholders of North Pacific Bank, Ltd. (the “Bank”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or electromagnetic means. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights.

- 1. Date and Time:** Wednesday, June 26, 2019 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Banquet room “Hou-ou (鳳凰),”  
2nd floor, Hotel Sapporo Garden Palace  
3-1, Kita 1-jyo Nishi 6-chome, Chuo-ku, Sapporo, Hokkaido, Japan

### **3. Purposes:**

#### **Items to be reported:**

1. Business Report and Non-Consolidated Financial Statements for the 163rd Term (from April 1, 2018 to March 31, 2019)
2. Consolidated Financial Statements for the 163rd Term (from April 1, 2018 to March 31, 2019) and the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

#### **Items to be resolved:**

- Proposal 1:** Appropriation of surplus  
**Proposal 2:** Election of twelve (12) Directors  
**Proposal 3:** Election of one (1) Audit & Supervisory Board Member

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal 1: Appropriation of surplus

The Bank's basic policy is to provide a comprehensive return of profits to shareholders through the performance-linked dividend system, which is a combination of stable ordinary dividends and performance-linked dividends, and repurchase of treasury shares, etc., taking into consideration such factors as trends in the capital adequacy ratio and performance and changes in the business environment from the perspective of ensuring sound management in view of the public nature of the banking business.

Under this policy, the Bank proposes the year-end dividend of surplus for the fiscal year ended March 31, 2019 as follows.

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof to shareholders  
5.0 yen per common share of the Bank  
Total amount of dividends: 1,981,859,450 yen
- (3) Effective date of distribution of dividends of surplus  
Common share of the Bank: June 27, 2019

As a result, the annual dividend for the fiscal year ended March 31, 2019 will be 10.0 yen per common share including the interim dividend of 5.0 yen per common share, as stated in the dividend forecast announced on May 10, 2018.

(Reference) The Bank's comprehensive shareholder returns policy

Ordinary dividend:

We intend to pay 10 yen per common share in order to be able to pay stable dividends.

Performance-linked dividend:

For the part related to performance, when the profit attributable to shareholders of parent for the entire fiscal year is more than 15 billion yen, we intend to aim for a payment of 30% of the amount over 15 billion yen.

Repurchase of treasury shares:

After the amount of the year-end dividend, which is an item to be resolved in the Ordinary General Meeting of Shareholders, is approved by the Board of Directors, the Bank is planning to purchase its own shares to make the total amount of the annual dividends and treasury shares 40% of the profit attributable to shareholders of parent.

**Proposal 2:** Election of twelve (12) Directors

The term of office for the current twelve (12) Directors will expire at the conclusion of the 163rd Ordinary General Meeting of Shareholders. Accordingly, the Bank proposes that twelve (12) Directors be elected.

The candidates for Directors are as follows:

Candidates for Directors have been approved by the Board of Directors upon consultation with the Nomination and Remuneration Advisory Committee whose majority is comprised of Independent External Officers.

No.	Name	Position in the Bank	Responsibility	Attribute
1	Junji Ishii	Director and Chairman	Responsible for Group companies	[Reelection]
2	Ryu Shibata	Director and Deputy Chairman	In charge of General Secretariat, Local Industry Support Department, and Treasury & Markets Department	[Reelection]
3	Mitsuharu Yasuda	Director and President (Representative Director)	In charge of Personnel Department	[Reelection]
4	Iwao Takeuchi	Managing Director	In charge of Corporate Solutions Department, International Department, and Loan Administration Department	[Reelection]
5	Minoru Nagano	Managing Director	In charge of Business Strategy Department, Banking Strategy Department, and Banking Support Department	[Reelection]
6	Satoshi Shindo	Director	In charge of Management Planning Department and System Department	[Reelection]
7	Takafumi Hiatairi	Executive Officer	Deputy Head Office Manager	[New election]
8	Nobuo Wakakuri	Managing Executive Officer	Senior Deputy General Manager, Business Strategy Department	[New election]
9	Yoshiharu Maiya	Executive Officer	Senior Deputy General Manager, Business Strategy Department	[New election]
10	Mikako Hayashi	External Director	–	[Reelection] [External] [Independent]
11	Rieko Ubagai	External Director	–	[Reelection] [External] [Independent]
12	Kazuaki Shimamoto	External Director	–	[Reelection] [External] [Independent]

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
1	<p style="text-align: center;">Junji Ishii (date of birth: May 25, 1951) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1975    Joined The Hokkaido Takushoku Bank, Ltd. Nov. 1998    Administrator, Business Promotion Department, the Bank Apr. 1999    Manager, Planning Section II, Management Planning Department, the Bank May 2003    General Manager, Corporate Banking Promotion Department, the Bank Apr. 2004    Branch Manager, Odori Branch, the Bank June 2004    Director, Sapporo Hokuyo Holdings, Inc. (currently the Bank) June 2004    Director and Branch Manager, Odori Branch, the Bank Apr. 2005    Director and General Manager, Business Planning Department, the Bank Apr. 2006    Managing Director and General Manager, Business Planning Department, the Bank June 2006    Managing Director, the Bank June 2009    Managing Director and Senior General Manager, Business Promotion Headquarters, the Bank June 2010    Director and Deputy President, Sapporo Hokuyo Holdings, Inc. June 2010    Director and Deputy President, the Bank Apr. 2012    Director and President, Sapporo Hokuyo Holdings, Inc. Apr. 2012    Director and President, the Bank June 2015    Audit &amp; Supervisory Board Member (External), Hokkaido Railway Company (present position) Apr. 2018    Director and Chairman, the Bank (present position) [Significant concurrent positions outside the Bank] Audit &amp; Supervisory Board Member (External), Hokkaido Railway Company</p>	139,700
<p>[Reason for selection as Director nominee] Junji Ishii has successively held positions such as General Manager of the Business Planning Department, Managing Director in charge of the Risk Management and System Department, and Senior General Manager of the Business Promotion Headquarters. He has broad knowledge and experience regarding the banking operations. He worked as Director and President from April 2012 and has been Director and Chairman since April 2018. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
2	<p style="text-align: center;">Ryu Shibata (date of birth: January 25, 1957) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1981    Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)</p> <p>Nov. 1998    Administrator, Loan Administration Department I, the Bank</p> <p>June 2000    Manager, Screening Section, Loan Administration Department I, the Bank</p> <p>July 2002    General Manager, Risk Management Office, the Bank</p> <p>Apr. 2004    General Manager, Management Planning Department, the Bank</p> <p>June 2004    Director, Sapporo Hokuyo Holdings, Inc. (currently the Bank)</p> <p>June 2004    Director and General Manager, Management Planning Department, the Bank</p> <p>Apr. 2006    Managing Director and General Manager, Management Planning Department, the Bank</p> <p>June 2009    Managing Director, the Bank</p> <p>Apr. 2010    Audit &amp; Supervisory Board Member (External), Nakamichi Leasing Co., Ltd. (present position)</p> <p>June 2010    Director and Deputy President, Sapporo Hokuyo Holdings, Inc.</p> <p>June 2010    Director and Deputy President, the Bank</p> <p>Apr. 2018    Director and Deputy Chairman, the Bank (present position)</p> <p>[Significant concurrent positions outside the Bank] Audit &amp; Supervisory Board Member (External), Nakamichi Leasing Co., Ltd.</p>	122,400
<p>[Reason for selection as Director nominee] Ryu Shibata has successively held positions such as General Manager of the Risk Management Office and Management Planning Department and Managing Director in charge of the System Department. He has broad knowledge and experience regarding the banking operations. He worked as Director and Deputy President from June 2010 and has been Director and Deputy Chairman since April 2018. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
3	<p>Mitsuharu Yasuda (date of birth: October 5, 1959) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1983    Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)</p> <p>Apr. 2004    Manager, Planning Section, Management Planning Department, the Bank</p> <p>Apr. 2005    Branch Manager, Miyanosawa Branch, the Bank</p> <p>Aug. 2007    Assistant General Manager, Personnel Department, the Bank (temporary transfer to Ishiya Co., Ltd.)</p> <p>Apr. 2009    Deputy General Manager, Loan Administration Department I, the Bank</p> <p>June 2011    Senior Deputy General Manager, Loan Administration Department I and General Manager, Credit Planning Office, the Bank</p> <p>June 2013    Executive Officer and General Manager, Loan Administration Department I, the Bank</p> <p>June 2014    Director and General Manager, Management Planning Department, the Bank</p> <p>June 2016    Managing Director, the Bank</p> <p>Apr. 2018    Director and President, the Bank (present position)</p>	37,800
<p>[Reason for selection as Director nominee] Mitsuharu Yasuda has successively held positions such as Branch Manager of the Miyanosawa Branch, General Manager of the Loan Administration Department I and General Manager of the Management Planning Department. He has broad knowledge and experience regarding the banking operations. He held positions such as General Manager of the Corporate Banking Promotion Headquarters and was responsible for the Business Strategy Department and the banking departments in his capacity as Managing Director from June 2016, and has been Director and President since April 2018. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
4	<p>Iwao Takeuchi (date of birth: April 5, 1958) [Reelection] Attendance at meetings of the Board of Directors 12/13 (92%)</p>	<p>Apr. 1981    Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)  July 2000    Branch Manager, Date Branch, the Bank  Sept. 2002   Administrator, Sales Promotion Department, the Bank  Oct. 2002    Administrator, Management Planning Department, the Bank  Dec. 2002    Administrator, Loan Administration Department I, the Bank  June 2004    Manager, Chitose Airport Sub Branch, Branch Manager, Chitose-Chuo Branch, the Bank  May 2007    General Manager in charge of liaison, Head Office, the Bank  Nov. 2008    General Manager, Corporate Banking Department, Head Office, the Bank  June 2010    Branch Manager, Sapporo-eki Minami-guchi Branch, the Bank  June 2012    Executive Officer and Branch Manager, Kushiro-Chuo Branch, the Bank  Nov. 2013    Executive Officer and Senior Deputy General Manager, Loan Administration Department I, the Bank  June 2014    Managing Executive Officer, the Bank  June 2016    Managing Director, the Bank (present position)</p>	20,100
<p>[Reason for selection as Director nominee]  Iwao Takeuchi has successively held positions such as Branch Manager of the Sapporo-eki Minami-guchi Branch, the Kushiro-Chuo Branch, and Senior Deputy General Manager of the Loan Administration Department I. He has broad knowledge and experience regarding the banking operations. Since June 2016, he has worked as Managing Director of the Bank being responsible for departments such as the Corporate Solutions Department, loan administration department, and International Department. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
5	<p style="text-align: center;">Minoru Nagano (date of birth: November 16, 1959) [Reelection] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1982    Joined The Hokkaido Takushoku Bank, Ltd. Nov. 1998    Joined the Bank June 2005    Manager, Planning Section, Management Planning Department, the Bank Apr. 2009    Deputy General Manager, Management Planning Department, and Manager, Planning Section I, the Bank June 2009    General Manager, Management Planning Department, the Bank Jan. 2011    General Manager, Management Planning Department, and Manager, Planning Section II, the Bank June 2011    Executive Officer and General Manager, Business Promotion Department, the Bank June 2012    Executive Officer and Branch Manager, Asahikawa-Chuo Branch, the Bank June 2014    Director and Branch Manager, Asahikawa- Chuo Branch, the Bank Apr. 2015    Director and Head Office Manager, the Bank June 2016    Managing Director and Head Office Manager, the Bank June 2017    Managing Director, the Bank (present position)</p>	31,900
<p>[Reason for selection as Director nominee] Minoru Nagano has successively held positions such as General Manager of the Business Promotion Department, Branch Manager of the Asahikawa-Chuo Branch, and Head Office Manager. He has broad knowledge and experience regarding the banking operations. From June 2016, he worked as Managing Director of the Bank being responsible for departments such as the Management Planning Department, Local Industry Support Department, Sales Promotion Department, banking departments, and consulting departments. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
6	Satoshi Shindo (date of birth: October 27, 1963) [Reelection] Attendance at meetings of the Board of Directors 10/10 (100%)	Apr. 1987    Joined The Hokkaido Takushoku Bank, Ltd. Nov. 1998    Joined the Bank Apr. 2009    Manager, Trading Section, Treasury and Securities Department, the Bank Oct. 2012    Manager, Management Administration Section, Management Planning Department, the Bank Apr. 2014    Manager, Management Planning Section, Management Planning Department, the Bank June 2014    Deputy General Manager, Management Planning Department and Manager, Management Planning Section, the Bank Oct. 2015    Senior Deputy General Manager, Management Planning Department and Manager, Management Planning Section, the Bank June 2016    General Manager, Management Planning Department, the Bank Apr. 2017    Executive Officer and General Manager, Management Planning Department, the Bank June 2018    Director and General Manager, Management Planning Department, the Bank Apr. 2019    Director, the Bank (present position)	6,600
<p>[Reason for selection as Director nominee]            Satoshi Shindo has successively held positions such as Manager of the Trading Section of the Treasury and Securities Department and General Manager of the Management Planning Department. He has broad knowledge and experience regarding the banking operations. Since June 2018, he has worked as Director in charge of the Management Planning Department and System Department. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can continue to contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
7	Takafumi Hiatari (date of birth: June 9, 1963) [New election]	<p>Apr. 1987    Joined The Hokkaido Takushoku Bank, Ltd.</p> <p>Nov. 1998    Joined the Bank</p> <p>Apr. 2009    Branch Manager, Hoshioki Branch, the Bank</p> <p>Oct. 2010    Branch Manager, Hoshioki Branch and Shin-Hoshioki Branch, the Bank</p> <p>June 2011    Administrator, Loan Administration Department I, the Bank</p> <p>Nov. 2012    Manager, Corporate Banking Promotion Section I, Corporate Banking Department, the Bank</p> <p>June 2013    Manager, Corporate Banking Planning Section, Corporate Banking Department, the Bank</p> <p>June 2014    Deputy General Manager, Corporate Banking Department and Manager, Corporate Banking Planning Section, the Bank</p> <p>Apr. 2015    Deputy General Manager, Public and Financial Institutions Department, the Bank</p> <p>Oct. 2015    Senior Deputy General Manager, Channel Development Department, the Bank</p> <p>Jan. 2016    General Manager, Channel Development Department, the Bank</p> <p>Apr. 2017    Executive Officer and Deputy Head Office Manager, the Bank (present position)</p>	2,500
<p>[Reason for selection as Director nominee]</p> <p>Takafumi Hiatari has successively held positions such as Deputy General Manager of the Corporate Banking Department and the Public and Financial Institutions Department, and General Manager of the Channel Development Department. He has broad knowledge and experience regarding the banking operations. Currently he works as Deputy Head Office Manager in his capacity as Executive Officer. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			
8	Nobuo Wakakuri (date of birth: November 3, 1961) [New election]	<p>Apr. 1985    Joined The Hokkaido Takushoku Bank, Ltd.</p> <p>Nov. 1998    Joined the Bank</p> <p>May 2007    Branch Manager, Fukuzumi Branch, the Bank</p> <p>Nov. 2008    Branch Manager, Bandaicho Branch, the Bank</p> <p>May 2010    Manager, Business Promotion Section, Business Promotion Department, the Bank</p> <p>Oct. 2012    Deputy General Manager, Management Planning Department, the Bank</p> <p>June 2014    General Manager, Loan Administration Planning Department, the Bank</p> <p>Apr. 2016    Executive Officer and Deputy Head Office Manager, the Bank</p> <p>Apr. 2017    Managing Executive Officer and Branch Manager, Tokyo Branch, the Bank</p> <p>Apr. 2019    Managing Executive Officer and Senior Deputy General Manager, Business Strategy Department, the Bank (present position)</p>	7,500
<p>[Reason for selection as Director nominee]</p> <p>Nobuo Wakakuri has successively held positions such as General Manager of the Loan Administration Planning Department, Deputy Head Office Manager, and Branch Manager of the Tokyo Branch. He has broad knowledge and experience regarding the banking operations. Currently he works as Senior Deputy General Manager of the Business Strategy Department in his capacity as Managing Executive Officer. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
9	<p style="text-align: center;">Yoshiharu Maiya (date of birth: November 20, 1962) [New election]</p>	<p>Apr. 1986    Joined Hokuyo Sogo Bank, Ltd. (currently the Bank)</p> <p>June 2009    Administrator, Legal Compliance Department, the Bank</p> <p>Oct. 2010    Branch Manager, Noboribetsu Branch, the Bank</p> <p>June 2012    Administrator, Audit Department, the Bank</p> <p>June 2014    Manager, Risk Section, Risk Management Department, the Bank</p> <p>Apr. 2015    Deputy General Manager, Risk Management Department and Manager, Risk Section, the Bank</p> <p>Apr. 2016    Senior Deputy General Manager, Management Planning Department, the Bank</p> <p>June 2016    Senior Deputy General Manager, Management Planning Department and Manager, Management Administration Section, the Bank</p> <p>Apr. 2017    Senior Deputy General Manager, Management Planning Department, the Bank</p> <p>Apr. 2018    Executive Officer and General Manager, Business Strategy Department, the Bank</p> <p>Apr. 2019    Executive Officer and Senior Deputy General Manager, Business Strategy Department, the Bank (present position)</p>	2,800
<p>[Reason for selection as Director nominee] Yoshiharu Maiya has successively held positions such as Deputy General Manager of the Risk Management Department, Senior Deputy General Manager of the Management Planning Department, and General Manager of the Business Strategy Department. He has broad knowledge and experience regarding the banking operations. Currently he works as Senior Deputy General Manager of the Business Strategy Department in his capacity as Executive Officer. He has been appropriately fulfilling those duties and responsibilities so the Bank concluded that he can contribute to the Bank's continued growth and increase in medium- to long-term corporate value and so made him a candidate for Director.</p>			
10	<p style="text-align: center;">Mikako Hayashi (date of birth: April 12, 1953) [Reelection] [External] [Independent] Attendance at meetings of the Board of Directors 13/13 (100%)</p>	<p>Apr. 1976    Joined The Sapporo Television Broadcasting Co., Ltd.</p> <p>Jan. 1985    Started business as a freelance newscaster, continuing.</p> <p>Apr. 2008    Specially appointed Professor, Keio University Graduate School of System Design and Management</p> <p>June 2008    External Supervisor, Hokuren Agricultural Cooperative</p> <p>Apr. 2011    Project Professor, Keio University Graduate School of System Design and Management (present position)</p> <p>Jan. 2012    Guest Professor, Hokkaido University, Graduate School of Agriculture (present position)</p> <p>June 2015    Director (External), the Bank (present position)</p>	-
<p>[Reason for selection as Director nominee] Mikako Hayashi specializes in Agriculture and Regional Revitalization, and holds the positions of the Project Professor at Keio University Graduate School and a Guest Professor at Hokkaido University while also being active as a freelance newscaster. The Bank concluded that she can use those varied experiences and specialist's knowledge and can continue to contribute to supervision of the management and constructive discussions toward promoting the activity of women and securing continued growth of the Hokkaido economy which is the Bank's foundation with a point of view independent of that of the Bank's management in the Board of Directors and so made her a candidate for External Director.</p>			

No.	Name Date of birth	[Career summary and position]	Number of the Bank's shares owned
11	Rieko Ubagai (date of birth: April 20, 1960) [Reelection] [External] [Independent] Attendance at meetings of the Board of Directors 13/13 (100%)	Apr. 1996 Registered as a lawyer, opened Ubagai Law Office. Nov. 1999 Member, Kita Ishikari Labor Dispute Committee (present position) Apr. 2002 Part-time Director, Hokkaido Housing Supply Corporation Nov. 2003 Opened Hirooka & Ubagai Law Office (currently Ubagai & Nakatsuji Law Office) Apr. 2004 Member, Management Committee, Hokkaido University of Education Oct. 2004 Supervisor, Hokkaido Housing Supply Corporation July 2007 Member, Hokkaido Prefectural Public Safety Commission June 2015 Director (External), the Bank (present position) June 2016 Member, Sapporo Personnel Affairs Commission (present position)	1,200
[Reason for selection as Director nominee] Rieko Ubagai is active in the front line as an attorney and has also held positions of responsibility in various public bodies such as being a member of the Management Committee at Hokkaido University of Education and also a member of the Hokkaido Prefectural Public Safety Commission. The Bank concluded that she can use those varied experiences and specialist's knowledge and can continue to contribute to supervision of the management and constructive discussions toward promoting the activity of women and securing the continued health of management with a point of view independent of that of the Bank's management in the Board of Directors and so made her a candidate for External Director.			
12	Kazuaki Shimamoto (date of birth: October 7, 1946) [Reelection] [External] [Independent] Attendance at meetings of the Board of Directors 12/13 (92%)	Apr. 1978 Doctor of Medicine Sept. 1996 Professor, Internal Medicine Seminar II, School of Medicine, Sapporo Medical University Apr. 2000 Deputy Hospital Superintendent, Sapporo Medical University Hospital Mar. 2004 Hospital Superintendent, Sapporo Medical University Hospital Apr. 2010 Chairperson and President, Sapporo Medical University Apr. 2016 Chancellor, Incorporated Educational Institution Japan Health Care College (present position) June 2016 Director (External), the Bank (present position) [Significant concurrent positions outside the Bank] Chancellor, Incorporated Educational Institution Japan Health Care College	-
[Reason for selection as Director nominee] Kazuaki Shimamoto has held successive positions of responsibility such as Hospital Superintendent of Sapporo Medical University Hospital and Chairperson and President of Sapporo Medical University, and from April 2016 he has been working as Chancellor of Incorporated Educational Institution Japan Health Care College. The Bank concluded that he can use his extensive experience and specialist's knowledge as an executive in the medical field which is one of the growing industries in the region, and can continue to contribute to constructive discussions and supervision of management to promoting continued growth of the Bank and the region with a point of view independent of that of the Bank's management in the Board of Directors and so made him a candidate for External Director.			

- Notes:
1. There is currently no special interest between each of the candidates and the Bank.
  2. A limited liability agreement under the provision of Article 427, paragraph 1 of the Companies Act has been concluded between Mikako Hayashi, Rieko Ubagai and Kazuaki Shimamoto, and the Bank. The Bank intends to continue this agreement with Mikako Hayashi, Rieko Ubagai and Kazuaki Shimamoto in the event that their reappointments are approved.  
An overview of the limited liability agreements is as follows.

- In the event of damage to the Bank caused by failure to perform duties as External Directors, they will be liable to the maximum amount below so long as their duties are performed in good faith and without gross negligence.
  - The maximum amount of liability shall be whichever is the higher of 20 million yen or the amount provided for by legislation (the minimum liability provided for under Article 425, paragraph 1, of the Companies Act).
3. Matters pertaining to candidates for External Directors provided for under Article 74, paragraph 4 of the Ordinance for Enforcement of the Companies Act
- (1) Mikako Hayashi, Rieko Ubagai, and Kazuaki Shimamoto are candidates for External Director.
  - (2) Mikako Hayashi, Rieko Ubagai, and Kazuaki Shimamoto have no previous experience of being involved in corporate management other than serving as External Director or External Audit & Supervisory Board Member. However, it is deemed that they are able to execute duties appropriately as described in the “Reason for selection as Director nominee.”
  - (3) With reference to the specific standards for determination that the Bank has established regarding stock exchange criteria for independence (“Independence Determination Standards” below), Mikako Hayashi, Rieko Ubagai and Kazuaki Shimamoto are independent from the executive management team. Therefore, the Bank has designated them as Independent Directors stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange and Rule 5-2 of the Corporate Conduct Rules of the Sapporo Securities Exchange. In the event that their reappointments are approved, the Bank intends to continue this designation. Although the Bank has general business transactions with Incorporated Educational Institution Japan Health Care College where Kazuaki Shimamoto holds the position of Chancellor, the organization is not applicable to the “major trading partner” defined in the Bank’s Independence Determination Standards (a partner for which transactions account for 2% or more of the Bank’s consolidated gross profit or the trading partner’s consolidated net sales of the most recent fiscal year) and therefore will not affect his independence.
  - (4) The term of office of Mikako Hayashi and Rieko Ubagai as External Directors shall be four (4) years at the conclusion of this General Meeting of Shareholders. Also, the term of office of Kazuaki Shimamoto as External Director shall be three (3) years at the conclusion of this General Meeting of Shareholders.

**Proposal 3:** Election of one (1) Audit & Supervisory Board Member

Hiroshi Tachikawa will resign and step down as Audit & Supervisory Board Member at the conclusion of the 163rd Ordinary General Meeting of Shareholders. Accordingly, the Bank proposes the election of one (1) Audit & Supervisory Board Member.

The Bank asks shareholders to elect the candidate as substitute for Audit & Supervisory Board Member Hiroshi Tachikawa. His term of office will expire when the term of office of resigning Audit & Supervisory Board Member Hiroshi Tachikawa expires as stipulated in the Bank’s Articles of Incorporation.

This proposal has been approved by the Board of Directors after obtaining approval from the Audit & Supervisory Board upon consultation with the Nomination and Remuneration Advisory Committee whose majority is comprised of Independent External Officers.

The candidate for Audit & Supervisory Board Member is as follows:

Name Date of birth	[Career summary and position]	Number of the Bank’s shares owned
Hitoshi Kubota (date of birth: April 13, 1956) [New election] [External] [Independent]	Apr. 1980      Joined Hokkaido Government	
	June 2003      Manager, PR & Public Consultation Department, Policy Office, General Planning Division, Hokkaido Government	
	Apr. 2005      Manager, Secretarial Department, Governor’s Office, Governor Policy Division, Hokkaido Government	
	June 2007      Chief, Commerce and Industry Bureau, Economics Division, Hokkaido Government	
	Apr. 2009      Deputy General Manager, Economics Division, Hokkaido Government	
	Apr. 2010      Chief, Kamikawa General Subprefectural Bureau, Hokkaido Government	-
	Apr. 2012      Chief, Tourism Promotion, Economics Division, Hokkaido Government	
	Apr. 2013      General Manager, Governor’s Office, General Policy Division, Hokkaido Government	
	June 2015      General Manager, General Policy Division, Hokkaido Government	
	Apr. 2017      Deputy Governor, Hokkaido Government	

[Reason for selection as Audit & Supervisory Board Member nominee]  
 Hitoshi Kubota currently serves as Deputy Governor after successively holding positions such as Chief of the Tourism Promotion of the Economics Division, General Manager of the Governor’s Office of the General Policy Division, and General Manager of the General Policy Division in the Hokkaido Government. The Bank concluded that he can use his extensive experience and abundant knowledge in public administration to conduct highly effective audits from an objective viewpoint, and to contribute to securing managerial health of the Bank, so made him a candidate for External Audit & Supervisory Board Member.

- Notes:
1. There is currently no special interest between the candidate and the Bank.
  2. Hitoshi Kubota retired as Deputy Governor of the Hokkaido Government on May 26, 2019.
  3. Matters pertaining to candidates for External Audit & Supervisory Board Member provided for under Article 76, paragraph 4 of the Ordinance for Enforcement of the Companies Act
    - (1) Hitoshi Kubota is a candidate for External Audit & Supervisory Board Member.
    - (2) With reference to the Independence Determination Standards, listed later, Hitoshi Kubota is independent from the executive management team. Therefore, if his election is approved, the Bank intends to designate him as Independent Audit & Supervisory Board Member stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange and Rule 5-2 of the Corporate Conduct Rules of the Sapporo Securities Exchange. The Bank is the designated financial organization of Hokkaido Government; therefore, there are transactions such as deposits and loans. However, governors, mayors, and chiefs of regional public organizations are elected by public, and their administration is supervised by the elected assembly of the given body. Therefore, they cannot exert their influence on the Bank without rational reasons. The Bank considers the aforementioned transactions do not cause conflicts of interest with shareholders, and regional public organizations are excluded from “major trading partners” in the Independence Determination Standards.

<Reference> Independence Determination Standards

At the Bank, if none of the following conditions apply to External Directors or External Audit & Supervisory Board Members (hereinafter both referred to as “External Officers”) for the past one (1) year, it is decided that the concerned External Officer has independence.

1. A person or entity to whom the Bank is a major trading partner (\*1), or an Executive for such person or entity (an executive director, executive officer or any other officer or employee who executes the business of a company, etc. The same shall apply hereinafter).
2. A major trading partner (\*1) of the Bank or an Executive of such entity.
3. Consultant, accounting specialist or legal specialist who receives large amounts (\*2) of monies or other assets other than Officer Remuneration from the Bank (if the recipient of the applicable assets is a corporation or group such as an Association, refers to a person belonging to that organization).
4. A major shareholder of the Bank (\*3) or an Executive for such person or entity.
5. An entity which receives large amounts (\*2) of donations from the Bank, or an Executive for such person or entity.
6. A closely related person (\*5) of any of the following people (limited to important (\*4) persons):
  - (1) A person to whom any of 1-5 above applies
  - (2) An Executive of the Bank or one of its subsidiaries
  - (3) A director who is not an Executive of the Bank or one of its subsidiaries (limited to determining the independence of External Audit & Supervisory Board Members)

\*1. Definition of “major trading partner” (a partner to which any of the following applies)

- a. A partner for which transactions account for 2% or more of the Bank’s consolidated gross profit or the trading partner’s consolidated net sales of the most recent fiscal year (however, excludes regional public organizations)
- b. A partner for whom the Bank is the largest lender and it is thought that procurement from another financial institution would be difficult for the concerned partner

\*2. Definition of “large amount”

An annual amount averaging 10 million yen or more over the past three years

\*3. Definition of “major shareholder”

A shareholder with voting rights of 10% or more of the Bank’s total voting rights

\*4. Examples of “important person”

- An officer or person of general manager level of a company
- The accounting specialist and legal specialist in 3. above, are persons with the specialized qualifications of a Certified Public Accountant or Attorney at Law

\*5. Definition of “closely related person”

A spouse or relative in the second degree